

RECORD OF PROCEEDINGS

Minutes of

Meeting

BEAR GRAPHICS 800-325-8094 FORM NO. 10148

Held Thursday, November 4, 2021 20

CALL TO ORDER: Mayor Williams called the Riverside, Ohio City Council Meeting to order at 6:01 p.m. at the Riverside Administrative Offices located at 5200 Springfield Street, Suite 100, Riverside, Ohio, 45431.

ROLL CALL: Council attendance was as follows: Ms. Campbell, present; Mr. Denning, present; Mrs. Franklin, absent; Ms. Fry, present; Ms. Lommatzsch, present; Mr. Maxfield, present; and Mayor Williams, present.

Staff present was as follows: Josh Rauch, City Manager; Dan Stitzel, Fire Chief; and Katie Lewallen, Clerk of Council.

EXCUSE ABSENT MEMBERS: Deputy Mayor Lommatzsch motioned to excuse Mrs. Franklin. Ms. Campbell seconded the motion. All were in favor. **Motion carried.**

ADDITIONS OR CORRECTIONS TO AGENDA: No amendments were made.

APPROVAL OF AGENDA: Mr. Denning motioned to approve the agenda. Mr. Maxfield seconded the motion. All were in favor. **Motion carried.**

PLEDGE OF ALLEGIANCE: Mayor Williams led the pledge of allegiance.

MINUTES: Mr. Maxfield motioned to approve the minutes from the October 14, 2021 works session, and the October 21, 2021 council meeting. Mr. Denning seconded the motion. All were in favor. **Motion carried.**

BOARD APPLICANT: Mr. Paul Howard applied to be considered for appointment to the Parks and Recreation Commission. He stated he has lived in Riverside for the past seven years. He found there was an opening on the parks and recreation commission and applied. He is retired and is able to make the meetings. He is also involved with the Eintracht. Deputy Mayor Lommatzsch thanked him for his willingness in volunteering. Mr. Denning motioned to appoint Mr. Howard to the parks and recreation commission via a letter of appointment. Deputy Mayor Lommatzsch seconded the motion. All were in favor. **Motion carried.**

WRITTEN CITIZEN PETITIONS: Mayor Williams stated any citizens who would like to speak should fill out a petition and turn it in to the clerk.

DEPARTMENT UPDATES:

A) Police Department – Mr. Rauch stated the chief was out ill and he would include something in the weekly update regarding the police department.

B) Fire Department – Chief Stitzel they are excited that the tax passed. They finished up October, which is fire prevention month, with different events a lot being Halloween related along with the In-Crowd dinner. They have been busy with public outreach. They are finishing up their annual auto extrication training along with annual hose testing. They are working on next year’s budget issues. Deputy Mayor Lommatzsch stated it was good to see them out and about during trick-or-treat. Chief Stitzel stated he thinks they had four EMS calls during trick-or-treat. It was fun to see all the costumes. Mr. Maxfield thanked the fire department for going to the preschools as well. Chief Stitzel stated it is good to go to schools as it is always well received and good to share fire prevention information with kids. Mr. Denning asked for an update on the medic that was in a wreck. Chief Stitzel replied that the chassis is totaled. IT will be towed to Horton and sit there until a chassis comes in where they will repair the box and put it on the new chassis. The current one that is on order they were told would be in in October 2022. They think it will be a year before they get a chassis put on it. Discussion was had on insurance coverage of the other driver and what had to be evaluated that could be used as far as equipment on that medic.

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C) Administration Department – Mr. Rauch stated that Ms. Bartlett is at a two-day seminar and he will include information in the weekly report.

D) City Manager Report – Mr. Rauch presented a preliminary budget context before the budget work session next week. With Issue #9 passing, it should generate an estimated \$3 million in revenue, which will be dedicated to police, fire, and EMS. It will increase the total income tax rate to 2.5% and provide 100% income tax credit for residents who pay other local income taxes. He thanked the voters who made the decision to pass this. He has also incorporated the results into the fiscal year 2022 budget process. He stated that the world has changed because of COVID and the ramifications that it has had in the labor market, inflation, and other areas. Issue 9 represents critical positive momentum for the community and support for public safety. Taking that into context, it is important for them to think about the budget process and prioritizing future goals in light of recent economic trends.

Mr. Rauch stated he began working for the city two-and-a-half weeks ago and has worked closely with staff since day one. He has developed a budget model using historical data of what was actually spend and received in prior years to then start forecasting out where they are likely to be at the end of this year and in 2022. As a result of that process, when they get the document next week, it makes a few assumptions of where revenues and expenses are headed. He is holding most of the revenues flat for 2022 as their primary revenue source has been income tax. Comparing receipts today and what they are likely to collect in the next months, they are looking to collect \$4.1 million for the year, which is closer to 2017-2018 dollars and not 2019-2020. The only exception is a projected 5% increase in gas taxes, which have consistently gone up year after year. He is also inflating operating expenses by 2% because that is common practice for budgeting while prior to COVID it was below 2%, but with COVID this is an appropriate number. The exception to this is health insurance cost, which are projecting a 35% increase based on recent quotes. This number historically goes up and will be a cost they have to deal with. After making these assumptions, they have been applied to every line item in the budget for 2022. He is having department heads review their budgets and expenses so have a good check.

Mr. Rauch reviewed the fund balances from 2011 – 2021 on their five largest funds: General Fund, Fire, Service, Police, and Wright Point. The main take away for police, fire, and service is that the money they come into the year with is relatively stable over the last 10 years or so. The two funds that stand out are the General Fund and Wright Point. Over the last 10 years, they have steadily drawn down on those fund balances. Wright Point is hovering around \$350,000, and the General Fund came into the year with about \$3 million.

Mr. Rauch stated the FY2021 estimated General Fund ending reserves is between \$2.0 million and \$2.5 million. They will end the year continuing to dip into that reserve. The GFOA (Government Financial Officers Associations) generally recommends any government entity have no less than two months or revenues and expenses set aside in reserves. Based on some math he has done, \$2 million represents about three months of expenditures. They are getting close to a point where they ought not to draw on reserves else they will get to a point of being lower than they need to be. They need to limit and avoid future dips into spending of reserves.

He presented a preliminary public safety budget for 2022. He showed how each fund performed prior to putting any income taxes into the funds. Every year, the general fund sends income taxes out to the other funds to support the operations of those funds. He wanted to look at if they didn't do that at all, how much money would each fund need in order to break even and continuing operating. The graph shows after plugging assumptions into the 2022 budget when they look at preliminary revenues in public safety, including the new \$3 million from the income tax, that would generate about \$4.7 million. When looking at expenses and how much it costs to run these departments based on the assumptions, both departments need about \$5.2 million to keep operating as they do today. Even with the new

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money coming in, the public safety departments will still need money from the general fund in order to operate just the way they have been operating to date. The counter point is looking at the general fund as it has been the primary source to support the public safety fund. A few things have happened that has impacted where the general fund money goes. When reviewing where the general fund money will go in terms of other departments in 2022 that is about \$3.1 million. They have supported the service department, \$1.4 million. There are other two places that get funded. One is in capital equipment, Fund 703, a debt service fund paying for leases on police cars, fire apparatus and other budgeted items like a financial software system upgrade. This need is roughly \$789,000. The other area is Wright Point. They lost two major tenants this year. There are significant capital needs in both buildings along with utilities and expenses. Wright Point will need roughly \$630,000 just to keep going and keep the lights on. They need to keep in mind they are running low on fund balance in Wright Point so there is not a lot to draw on from the Wright Point Fund. The general fund ends up with around \$250,000 - \$300,000 to share back to the other funds. This means on a large scale they are likely to have a 2022 budget that reduces, but does not eliminate reliance on the general fund to maintain existing services. They will have opportunities next year to determine how they square the circle on some of the operating and overhead costs to see if there are ways to continue to improve and move the city forward. They will need to closely monitor revenue and expenses, streamline budget processes and accuracy of the numbers, identify ways to reduce transfer demands on the general fund so they can free up money for future expenses, and develop a plan to achieve public safety goals. The goal is ultimately to reduce debt, reduce the amount of reliance of other accounts on the general fund, and to execute what they have told the community with respect to public safety.

Mr. Denning stated he used \$3 million and the 1% as the baseline for public safety. He asked if the half-percent was still accounted for. Mr. Rauch stated it was in the numbers already. The half-percent estimates about \$1.9 million plus the \$3 million is \$4.9 million, but he needs to pay CCA and has to take out \$200,000.

Mr. Rauch stated he wanted to provide them this context before getting a line item budget where they may wonder what staff is doing. This is to provide the context to understand the upcoming budget he will provide.

Mr. Rauch stated the second piece has to do with Fund 702, Capital Infrastructure. Funds that are used to pay for capital infrastructure largely have to be dedicated to capital. Fund 702 gets revenue from the gasoline taxes, ~\$715,000/year, and the motor vehicle taxes, ~\$145,000/year. They are projecting about \$860,000/year. Next year they have set aside ARPA money to offset costs on some projects that they have already committed to. They can use ARPA to help pay for storm water infrastructure. They anticipate using \$642,300 in 2022 to pay for major storm water components going down big roads, not residential curb and gutter. In total, that is about \$1.5 million in revenue next year. When he looked at all the infrastructure projects they have committed to, the local share was about \$3 million. He has \$1.5 million to pay for \$3 million worth of projects next year. He has been working with Kathy and Tom to figure out what they can reasonable accommodate and do the most with next year, and what happens in out years moving forward. He provided a graph of all projects for preliminary Fund 702. For years 2023 to 2025, they are looking at \$1.5 to \$2.9 million in the city's share of capital projects when they will probably only bring in \$860,000 revenue. They need to prioritize projects to maximize the use of their resources. If they plan to bring Fund 702 into balance, the budget will show a recommended list of projects to move forward with where they may have received funding for those projects and they are committed to where they can use their gas taxes, ARPA money, and are talking to their financial advisor for bonding the remaining amount, \$1.352 million. This amount is what they can't cover with gas taxes or other revenue sources. They will be able to make good on most of the capital obligations for next year, but will also maximize their debt in doing that. The advantage for infrastructure projects like this is that bonding them out for 10 – 20 years is fairly common practice. The idea is the folks who pay taxes and use those roads are the ones paying back the bonds over the next 10 years or so. The emphasis will be on how to

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bring the debt load down going forward. There are other things they can pay off early once they have freed up some revenue to do that.

Mr. Rauch stated the projects he and Kathy recommend withdrawing from: Bayside Cluster, Beverly Gardens Cluster, Valley Street Crosswalk, Valley West (Harshman to Pleasant Valley), and the Wagon Wheel Cluster. These projects total \$166,400 in FY2022 for the city; the local share costs increase to \$2.5 million in FY2023. He is looking for feedback from council about the benefits and tradeoffs of some of these projects. He added there are some projects that they would score very well on for grants that would reduce obligation in out years. They are trying to figure out the best shot they have on grants for projects.

Mr. Rauch concluded with stating the voter support on November 2, 2021, dedicates the additional 1% to public safety. In 2022, they have the opportunity to invest significant focus on their budget by reducing reliance on the general fund, continue paying down debt, gathering collaborative input from council, staff, and the budget committee, and positioning the city to continue to provide effective services.

Ms. Campbell asked about the Valley West project and where that was. Council members explained where that was. Ms. Campbell asked if they were fixing the signal there. Mr. Rauch stated they were not recommending replacement of signal. She had question regarding the wood pole being changed to a metal pole and who was responsible. Mayor Williams stated this has to do with the paving of the road. Mr. Rauch stated he would confirm with Ms. Bartlett on what the project involves.

Mr. Denning asked if on the clusters it is the cost of the curbs and gutters because the grant covers the cost of the asphaltting. Mr. Rauch stated he will check with Ms. Bartlett, but grants only really offset the cost roughly 25%. It may pay for components, but the city would be responsible for the balance. Mr. Denning explained why they wanted to repair the streets after the water line repair as most of the streets are in bad shape and after the repair, they would just have a strip of asphalt where the work was done.

Mr. Rauch stated he plans to get them a detailed budget early next week so they have a couple of days to look at it prior to their budget work session next week. He added that these are challenges all communities face and they will work together to get through it.

Mr. Denning asked about an area on Airway next to a laundromat that approved the car lot, but he noticed there are a lot of huge dump trucks being parked there and it seems more like a trucking organization. He does not believe it is zoned for that. He is curious as to what is going on there because he doesn't want to see that become like the issue in the Floral Park area. If it is within zoning regulations there is not much they can do. The owner also said he would pave there and all he has put down is shredded asphalt that was not what they were told would happen. He sent the address to Mr. Burkholder. He added there are rental trucks next to the Wendy's on Airway and it is supposed to be a car lot not a truck rental place. Deputy Mayor Lommatzsch stated it has been that way for years.

PUBLIC COMMENT ON AGENDA ITEMS: Mayor Williams stated if anyone wishes to comment on agenda items they need to fill out a form in the back and hand it to the clerk.

NEW BUSINESS

A. RESOLUTIONS

- I) **Resolution No. 21-R-2725 – Authorizing the finance director of the City of Riverside to seek advance payment of collected taxes for the tax year 2021.**

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Mr. Rauch stated this is a housekeeping item that allows the city to collect the taxes earlier to get them on the books.

Deputy Mayor Lommatzsch motioned to approve Resolution No. 21-R-2725. Mr. Denning seconded the motion. All were in favor. **Motion carried.**

PUBLIC COMMENT ON NON-AGENDA ITEMS: No one was present to comment.

COUNCIL MEMBER COMMENTS: Mr. Maxfield thanked city residents for their support and hopefully it is a true belief in council and what they are doing to move the city forward. He thanked police and fire what they have done over the last couple of months.

Mayor Williams stated his congratulations to Zachary Joseph who will join council on January 1, 2021. He thanked the people in Riverside who did vote. When he was asked prior to election where he stood and where council stood, he kept saying that he wants folks to make sure they vote, make sure they are informed, and make the best decision for their situation. People have placed a high value on public safety and council is listening. They want to continue that momentum and meet the challenges they face. He is confident in their plan moving forward and keeping promises they have made to the public.


Deputy Mayor Lommatzsch stated she agreed with everything the mayor said. This morning she was at an MVRPC meeting and things are moving forward. There was interesting and helpful information about economic development she shared with the city manager. She congratulated the Stebbins Indians who will be playing tomorrow night at Edgewood High School in Trenton, OH for the second level of the playoffs. Tickets have to be bought online. She listens to the game on Facebook Live. It is fun to watch. Alex Higleford didn't come out as well as they hoped last weekend, but he is positive about the whole experience. He has been a very successful young person in this community even though he didn't make the team. He was up against some good people who were more disabled than he was. He is very positive. Mayor Williams wished the Indians good luck as well as the Carroll High School cross country team. A lot of people in the community are competing at a high level and they are proud of that.

Ms. Fry thanked everyone who came out and supported the blood drive on Monday. They had 25 people who came out and donated. They are in critical need of Type O blood so it was good they had the blood drive. There is always a critical need for blood any time there is a small drop off. The next blood drive is December 27, 2021.

Mr. Denning stated the haunted house went fairly well. The total number of people was a little over 3,000. There were over 900 on the matinee day to see how the house operated. That was a record day for them over the 36 years they have been doing it. That will be funding all of the Christmas Projects for the children they are adopting and taken care of.

ADJOURNMENT: Mr. Denning motioned to adjourn. Ms. Campbell seconded. All were in favor; none opposed. The meeting adjourned at 6:51 pm.


Peter J. Williams, Mayor


Clerk of Council

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